

What We Say and What They Hear

Planned Giving Today

Vol. 24. No. 4 (April 2013) pp. 1-3

Carol Kolmerten and Bruce Bigelow

Remember your first planned giving conference? Remember how the presenters talked about CRUTs and CRATs, which you heard as “crud” and “crap”? Remember how you wondered if you would ever fit into this world, where everyone knew so much more than you did? Remember how you worried that you would never master the terminology, let alone the concepts?

Now jump ahead to months/or years later when you, yes you!, were in front of a group of potential donors talking about those same CRUTs and CRATs and noticed that everyone’s eyes were glazing over, but they were all gamely smiling at you. Perhaps you forged ahead, determined to finish your talk. Perhaps your prospects patted you on your shoulder after you were done, saying things such as “nice job, dear.” But chances are none of those prospects turned into donors. Because it is a truth worth repeating that (most) people do not give their money to any non-profit without first understanding what and how they are giving.

Planned giving, as we know, has a reputation for being difficult, hard to follow, sometimes geekily technical. And, as we also know, all clichés can be, at their heart, at least partially correct. We in the planned giving field *do* talk about concepts that are difficult, but even when the concept itself is not difficult, we often dress it up to make it seem so. No wonder more people do not consider planned gifts.

We have found that in small groups, where we can ask participants’ advice about how we should tell others about charitable gift annuities or trusts, prospective donors are much more willing to say “I just don’t understand what you are talking about” than they are when they meet with us alone or when they are in a large group. Small groups (of 10-15 people) provide just the right balance of intimacy and safety to allow questions.

Large groups naturally discourage questions--who wants to look foolish in front of a whole roomful of people? And one-on-one conversations often do the same: prospective donors are often on their guard, especially when talking with a “planned giving professional.” In small groups when we ask “does everyone understand how we are using a term such as ‘stepped up basis’” at least one person in every group will say something like , “no, but I have always wondered what that means.”

Planned giving is hardly the only profession that has developed its own jargon. Mastering professional jargon is, in many ways, the mark of having arrived as a member of that profession.

Most of us quickly acclimate to a new field and even more quickly forget that we too did not know all these terms, even a short while ago. Professional amnesia sets in, as we are now a member of an “in” group with its own special language, and we are only too happy to belong.

What we should not forget is that our donors do not know planned giving jargon. And most of them never will. Even the ones who nod knowingly and who say such things as “oh yes, I understand a charitable gift annuity,” are usually (in our experience about 95%) hopelessly mistaken. The ones who do not say anything and simply nod politely are really contemplating their quick escape from a setting that makes them feel stupid.

Given that most prospects do not become planned gift donors without understanding what they are getting into, we offer this primer on what we, as planned giving professionals say and what our prospects hear.

1. Securities

Us: A nice sophisticated word for stocks, bonds and mutual funds

Them: Security, as in prison cells? Or do securities have to do with all that insider trading I have heard about? And what does this term have to do with a gift to charity?

2. Closely held stock

Us: Privately held company stock or partnership shares

Them: So, this kind of stock you keep in your safe deposit box, perhaps? Or maybe you are holding it “close to your chest” so no one knows you own it? Must be some reason for the secrecy—perhaps something illegal?

3. Vehicle

Us: a technical name for the multitude of ways of giving, like CRATs and CRUTs

Them: So are they talking about cars now or motorcycles or what? RVs, perhaps? I am not interested in giving them my car.

4. Charitable Annuity

Us: A wonderfully simple “vehicle” for making a gift while receiving an income for life

Them: Beware . . . Aunt Sally lost all her money to one of those. Someone is trying to sell me something that will take all my money and leave me destitute like Aunt Sally.

And the person trying to sell me this bill of goods no doubt gets a nice hefty commission, probably under the table.

5. Charitable Trust

Us: Another flexible “vehicle” for providing an ultimate gift to charity while also providing an income to the donor or others for a period of years

Them: I know that my parents have one of those—they call it a living trust. They put their house in it, but why are these planned giving people talking about this? Do they want my parents’ house? And how does it save on taxes?

6. Prospects/Suspects

Us: Potential donors we would like to involve more with our non-profit and with whom we would ultimately like to discuss a gift

Them: Oh dear . . . I just saw on a sheet that I am a “suspect.” I wonder what they suspect me of doing? Maybe I should suspect them of wanting to do something to me! I had better get rid of them quickly.

7. Campaign, both Capital and Comprehensive

Us: A concerted effort by a non-profit to raise resources for specific purposes over a set period of time

Them: Oh yes, like the United Way with the nice thermometer, but does that mean they are going to give me a list of people to call? I hate making cold calls.

8. Pyramid or chart of standards

Us: A chart for measuring how many gifts, and at what dollar level, are necessary to build a successful campaign

Them: As in Egypt? And what does a chart have to do with Egypt? And whose standards?

9. Capital asset

Us: An investment that we hope to see grow over time, such as stocks, mutual funds, or real estate

Them: Is this what we give to a capital campaign but not what we give to a comprehensive campaign?

10. Cost basis

Us: The amount originally paid for a capital asset plus (in the case of real estate) any capital improvements

Them: I think this has something to do with capital gains taxes, but I am not sure just what. Maybe it is the amount I have to pay?

11. Stepped up basis

Us: The new cost basis of inherited capital assets; the value of those assets at the date of death

Them: I know this has to do with taxes; I always nod that I understand this term, but I do not know what is “stepping up” to what.

12. Tax exclusion

Us: The amount of income or assets excluded from gift and estate taxes

Them: So, no taxes? Or “excluded” taxes? How can I get my taxes excluded too?

13. Income in Respect of a Decedent (IRD)

Us: An ordinary income asset that generates income tax to the beneficiary recipient at the death of the owner, such as qualified retirement plan assets or accounts receivable; income earned but not received by a decedent

Them: Huh???

14. Qualified Retirement Plans

Us: A defined contribution plan like an IRA, 401(k), or SEP

Them: Is my retirement “qualified” and for what? What if I don’t have a qualified plan? I thought I qualified to have a retirement plan years ago; did someone lie to me? Will I lose it all to some tax I don’t know about?

15. Defined Contribution Plan

Us: A retirement plan owned by the beneficiary to which the owner contributed up to a legally defined limit each year and which is taxed at the beneficiary’s death at the tax rate of whomever receives the plan assets

Them: Is this my pension?

16. Defined Benefit Plan

Us: An old-fashioned pension in which the beneficiary receives a pre-defined amount for life after working for a company or organization for a minimum number of years; no tax on such a plan at the death of the beneficiary (or beneficiary’s spouse) as it has no remainder value

Them: Is this my pension?

17. Required Minimum Distribution

Us: The minimum amount one must take annually from a Qualified Retirement Plan

Them: Who is distributing what? And from where? And how in the world am I supposed to know what the amount is?

18. Planned giving consultants

Us: Very smart people who offer considered and valuable advice to non-profits on how to improve their planned giving opportunities

Them: More trouble: these people can’t hold down a regular job and charge way too much to tell their clients what is obvious to anyone.

19. CRATs and CRUTs

Us: Charitable Remainder Trusts, which we all know and love

Them: Why are they talking about crud and crap?

The words we use matter. As anyone who has studied communications theory knows, the words we say may not signify the same thing to the recipients of the message as they do to us. And, when we use confusing or even unknown (or unknowable) jargon, we undermine the very messages we intend to communicate. As planned giving professionals, one of our most important responsibilities is to convey clearly both how a gift will benefit our non-profit and how that gift will also benefit the donor.

The examples we have used in this article come from real-life responses of potential donors who participated in the small focus groups we hold when we develop campaign plans, test campaign feasibility, or create effective marketing options for planned giving “vehicles” for our clients. By remembering our own initial confusion over planned giving terminology and jargon and by staying conscious of our donors’ potential confusion as well, we become not only better communicators, but also better fundraisers. That is the essence of being a true planned giving professional.